

Army Acquisition, Logistics and Technology



Annual Review of Army Acquisition of Services Policy and Oversight (December 2013)



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INTRODUCTION

Services acquisition is one of the Army's most complex functions based on scope of influence, customer base, and range of services provided. More than half of the Army's acquisition spending is for services. In Fiscal Year 2013, the Army spent \$87.2B* on goods and services, of which \$56.2B (65%) were spent on services. Historically, services acquisitions have suffered from inadequate planning, execution, and surveillance which can put cost, schedule and performance at risk. In September 2011, the Secretary of the Army approved the [Optimization of Army Services Acquisition Implementation Plan](#). The plan defines the governance structure and lifecycle planning requirements for services acquisition, establishes services requirements review and approval process, identifies management controls and reporting requirements, and pursues Army-wide cost reductions at all levels of the services acquisition process.

ARMY-SPECIFIC IMPLEMENTATION OF BETTER BUYING POWER – IMPROVE TRADECRAFT IN ACQUISITION OF SERVICES

Assign Senior Managers for Acquisition of Services: In November 2010, the Army established the Deputy Assistant Secretary of the Army (DASA) (Services). On 1 Jan 2012, the DASA (Services) was re-aligned under [DASA \(Procurement\) \(DASA \(P\)\)](#) as the Executive Director Acquisition of Services.

Adopt Uniform Services Market Segmentation: Portfolio Management is foundational to achieving the Army's goal of a disciplined and rigorous services acquisition process. Services portfolios are managed and structured to support specific mission requirements for services management and reporting. To this end, the [Department of Defense Taxonomy](#) for the Acquisition of Services is utilized.

Improve Requirements Definition/Prevent Requirements Creep: Defining requirements well is a challenging but essential prerequisite in achieving desired services acquisition outcomes. The Defense Acquisition University (DAU) continues to improve and enhance its service contracting requirements training. Service Acquisition Workshops (SAW) is tailored to a specific requirement that stresses performance based outcomes. Integral to a SAW is the [Acquisition Requirements Roadmap Tool \(ARRT\)](#) used to develop performance-based requirements for services acquisitions. The Army requires SAWs be conducted for all services requirements \$250M or more, and strongly recommends SAWs for Service Acquisitions \$10M to \$250M.

Increase Small Business Participation, Including Through More Effective Use of Market Research: The Army is committed to promoting awareness and establishing accountability within the acquisition community for targeting more contract awards to small businesses. The SSM is partnering with the Army Office of Small Business Programs (OSBP) to create a long term strategic plan based on Better Buying Power (BBP) 2.0. In addition to the three portfolios tracked by OSD, the SSM and OSBP will establish a long term strategic plan for all portfolios. OSBP will continue to partner and participate in the SSM Acquisitions

*Source: FY13 Uncertified FPDS-NG Data as of 10/07/2013

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Requirements Execution Reviews (ARER). The SSM is adding a new data field to capture Small Business data and report it at the Tier 3 (Command Service Executive) level. OSBP will continue to partner and participate in the Army Strategic Sourcing Executive Group meeting to develop new and innovative ways of improving Small Business by promoting effective competition and consider small business and/or socio-economic goals when implementing sourcing strategies.

SERVICE ACQUISITION WORKSHOP EXECUTION

Service Acquisition Workshops apply performance-based techniques to services acquisitions using multi-functional teams in a workshop environment tailored to a given requirements set. On December 6, 2012, the Director, Defense Procurement and Acquisition Policy (DPAP) issued policy requiring SAWs be conducted for all services acquisitions valued at \$1B or more. On February 8, 2013, the DASA (P) issued policy which lowered the threshold to \$250M or more for Army services requirements. In FY 2013, the Army conducted 17 SAWs with a total requirements value of \$16.4B. In addition, the Army established a SAW Train-the-Trainer (TTT) program to establish an organic Cadre to augment the Defense Acquisition University (DAU) capability to facilitate future SAWs due to increased demand as the result of the Army's lower threshold. In 2013, the Army trained 28 personnel; of which three have facilitated SAW training with DAU instructors. Further, the Army has coordinated with DAU throughout the year to improve the SAW training and the ARRT based on feedback received from Army customers. Lastly, the Army led a SAW effectiveness study. Overall, there was a 70% approval rating based on qualitative assessment from participant's feedback. A key theme was that Senior Leadership support is critical. Lessons learned at DAU were: the need for standardizing prerequisites; manage expectation of participants/facilitators; the need to automate the tracking of participant's feedback and surveys; continued regular follow up with participants. Best business practices included: DAU's advance planning efforts to ensure the right people participated in [Multi-Functional Integrated Process Team \(MFIPT\)](#); offering timely SAWs; workshop represented a holistic view of the MFIPT members; the 7 Step Service Acquisition process and technology utilizing ARRT; and DAU's central repository for Services Acquisition information [Services Acquisition Mall \(SAM\)](#).

ENTERPRISE-WIDE MANPOWER REPORTING ([E-CMRA](#))

Since 2009, the Assistant Secretary of the Army (Manpower & Reserve Affairs) (ASA(M&RA)) has used its Contractor Manpower Reporting Application (CMRA) to track and report Army contracted manpower and its costs. The DASA (P) has required Army contracting officers to add instructions on all services contracts that require vendors to enter the number and costs for Contractor Manpower Equivalents into the Army CMRA. ASA(M&RA) uses the data to satisfy Office of the Secretary of Defense (OSD) and Congressional reporting of the annual DOD Inventory of Contractor Services. In 2012 Congress mandated that DOD establish a DOD wide equivalent to the Army's CMRA. This DOD system is called E-CMRA. In FY13 and FY14 DOD was/is working, with Army assistance, to implement E-CMRA capability across all Components through a phased approach. DOD is planning to fully implement E-CMRA in FY15. The DASA (P)

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Senior Services Manager will lead the Army contracting support to ASA (M&RA) as required to promote successful E-CMRA implementation through FY15.

SERVICES OVERSIGHT

The Army established increased management and oversight concepts for services acquisitions in 2011 when the Secretary of the Army approved an Optimization of Army Services Acquisition Implementation Plan. This plan is being updated and continues the governance structure and lifecycle planning requirements for Army services acquisition. The plan establishes the framework for improved Services Acquisition oversight, management and execution, and sets standards for processes to provide necessary visibility of services acquisition. The Army has completed implementation of this plan and, beginning in FY 2013, is executing processes to achieve efficiencies while maintaining the Army's effectiveness in acquisition of services. The Army has established services governance and management processes, top to bottom, that holds leaders accountable. The Army Senior Services Manager (SSM) is responsible for Army level management and oversight. The Army is appointing Component Level Leads for Services Portfolios to interact as counterparts with DoD level Functional Domain Experts. Commanders are responsible for managing all lifecycle phases of services acquisitions and accountable for acquiring services in the most efficient and effective manner. Commanders have appointed Command Services Executives who are responsible for Requiring Activity service acquisitions management. At six designated Army Commands, Portfolio Managers have been appointed and are responsible to assist the SSM and Commands in achieving efficiencies in services acquisitions. The Portfolio Managers identify and maintain visibility of service requirements for their respective portfolios, across the Army and assist Requiring Activities (RA) in developing and refining requirements, facilitating coordination to achieve efficiencies, synchronization and consolidation of services acquisitions. RA's conduct review boards which validate change or eliminate services requirements. Management, Controls and Oversight of services include implementation of a multi-tiered, Acquisition Requirements Execution Review (ARER) process to assess effectiveness of Army services acquisitions, usage of best practices and achievement of cost savings. Army internal management control programs now include considerations of improving services acquisitions. An enhanced services acquisition strategy approval hierarchy and strategic sourcing initiatives are now in effect. Forecasting and reporting of Army services acquisitions continue, with a migration to a business system capability using the [Planning, Programming, Budgeting Business Operating System \(PPBOS\)](#). Applicable Army regulations and policies are undergoing revisions to reflect FY 2013 and beyond services management and oversight concepts.

EXPANDED USE OF REQUIREMENTS REVIEW BOARDS AND TRIPWIRES

Requiring Activities conduct review boards which validate, change, or eliminate services requirements. The DASA (P), Office of the SSM, is currently reviewing each Command's existing policies and procedures to implement a standard process across the Army for identifying, assessing, reviewing, and validating requirements for the acquisition of services. Additionally, the SSM is working on identifying tripwire threshold values and approval authorities for each

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tripwire category. The Army policy will be finalized within 90 days after DoDI 5000.XX is finalized.

HEALTH ASSESSMENTS

The DASA (P), SSM has established a peer review process to track and review all acquisition strategies for services approved by the SSM or DASA (P) on an annual basis. The SSM in coordination with the DASA (P) Audit and Oversight Directorate will select a random sampling of all acquisition strategies for services approved locally for review as a special interest when conducting a Procurement Management Review (PMR). In addition to reviewing acquisition strategies, the SSM will look at post-award documentation and contract administration. The SSM will track and post lessons learned on the DASA (P) website under the SSM Execution and Analysis section.

ACQUISITION STRATEGY APPROVALS

The SSM reviews and approves all acquisition strategies with lifetime values equal to or greater than \$250 million but less than \$1 billion. The SSM has reviewed and approved 13 acquisition strategies with an estimated value of \$9.1B. In addition, the SSM reviewed and recommended approval of five acquisition strategies with an estimated value of \$16.3 billion and recommend approval on behalf of the DASA (P) to the Director, DPAP. All acquisition strategies that included any percentage of awards on a time and material (T&M) basis included a condition that an annual report is provided to the SSM with the total dollars and actions awarded using T & M. Additionally, prior approval from the SSM is required for any task orders which would exceed the T & M award percentage approved in the acquisition strategy. The acquisition decision memorandum also included the requirement to contact the SSM to set up a post award peer review in accordance with [AFARS 5101.170\(2\)](#).

STRENGTHENING CONTRACT MANAGEMENT OUTSIDE OF THE NORMAL ACQUISITION CHAIN

The preponderance of the Army's contracted services support missions are outside the normal acquisition chain. Installation commanders, for example, are ultimately accountable for the success or failure of the mission requirements under their purview, including the contributions of service contractors to those missions. Army policy established in the [Optimization of Army Services Acquisition Implementation Plan](#) makes Commanders responsible for all phases of the lifecycle of services programs; accountable for acquiring services in the most efficient and effective manner; and, establishing internal processes for managing service acquisitions. In addition, the use of [Multi-functional Integrated Process Teams \(MFIPT\)](#) is required, and the use of Defense Acquisition University (DAU) tools and templates is recommended. Further, [Acquisition Requirements Execution Reviews \(ARERs\)](#) are conducted to assess services acquisition management, portfolio composition statistics, services metrics, and internal management controls. During FY 2013, continued a three tiered approach with three ARERs to assess services acquisitions portfolio management, requirements and efficiencies at the

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Headquarters, Portfolio Manager and Commands levels. The results indicated the Army is continuing optimization of services acquisitions and portfolio governance is moving from implementation to execution. Lessons learned include services portfolio governance is in place and Commands are supportive to optimization goals. Requiring Activities are embracing the culture shift from Command-centric services focus to portfolio management concepts, which combines both vertical and horizontal transparency & accountability. Revision of applicable Army regulations, institutionalizing services requirements management and reporting and continued Headquarters, Army and Commanders' leadership oversight will ensure sustained services acquisition optimization efforts.

STRATEGIC SOURCING

On September 5, 2013, the Secretary of the Army approved the Army's Strategic Sourcing Governance. The Strategic Sourcing Governance charter authorized establishment of a [Strategic Sourcing Executive Committee](#) (SSEC). The SSEC is structured to support the Secretary of the Army Optimization of Army Services Acquisition Implementation plan; maximize the Better Buying Initiatives to achieve savings/cost avoidance and align with DoD and Office of Management and Budget (OMB) strategic sourcing initiatives. SSEC is comprised of Senior-level officials from requiring activities, contracting activities, legal, small business, and HQDA Staff and principals. On the 17 Sep 13, the Deputy Assistant Secretary of the Army (Procurement) (DASA (P)) approved the [Army Strategic Sourcing Program](#) which will leverage spending and efficiencies across the Army Enterprise in collaboration with DoD and Federal Agencies, improve sharing of best practices, promote streamlined and standardized processes, further socio-economic goals, and expand strategic sourcing across the enterprise.

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